

286.3-180 Banking business, where done -- Branch and agency banks.

- (1) Banks authorized under the laws of this state may, except as provided in subsections (2) or (3) of this section, exercise, only at their principal office, powers necessary to carry on the business of banking by discounting and negotiating notes, drafts, bills of exchange, and other evidences of debt, and by purchasing bonds, receiving deposits and allowing interest on these items, buying and selling exchange, coin, and bullion, and lending money on personal or real security.
- (2) A bank may establish within any state, the District of Columbia, or a territory of the United States a branch and may exercise all of the powers conferred in subsection (1) of this section at the branch. A bank, except for a bank that the executive director may designate by the promulgation of administrative regulations, shall apply to the executive director for permission to establish a branch. Before the executive director shall approve or disapprove any application made under this subsection the executive director shall ascertain and determine that the public convenience and advantage will be served and promoted and that there is reasonable probability of the successful operation of the branch based upon the financial and managerial impact of the branch on the bank establishing the branch. The following conditions shall apply to applications for branches:
 - (a) The permission to open a branch shall lapse one (1) year after the executive director has rendered a final order as defined in KRS 13B.010, unless it shall have been opened and business actually begun in good faith. If, for reasons beyond the control of the applicant, the branch is not opened within this time period, permission to open the branch may, with the approval of the executive director, be extended for any period of time the executive director deems to be necessary; and
 - (b) An application to establish a branch office shall be approved or disapproved by the executive director based upon the facts existing at the date of filing of the application, except for the financial condition of the bank proposing to establish a branch office, which condition shall be subject to review until an order ruling on the application is made.
- (3) Any corporation which on January 1, 1966, was engaged in operating an agency or branch bank may continue to retain and operate the agency or branch bank under the general banking laws, and the requirements set forth in this section in respect to capital shall not apply to any existing agency or branch bank but only as to those agencies or branch banks which may be established in the future in accordance with the terms of this section.
- (4) The provisions of this section shall not be construed to prohibit the merger of banks in the same county and the operation by the merged corporation of the banks, nor to prohibit the sale of any bank to, and the purchase by, any other bank in the same county and the operation of the bank by the purchasing bank as a branch, provided the executive director shall determine that the public convenience and necessity will be served by the operation. The bank which does not survive the merger shall surrender its charter.

- (5) Any national banking association or any state bank member of the Federal Reserve system whose principal office is located in this state may do all things and perform all acts which state banks are permitted to do or perform under this section, subject to the conditions and restrictions provided for banks as to exercise of these powers.
- (6) When a branch or agency bank has once been established any operation of the branch or agency bank shall not be discontinued, and the branch or agency bank shall not be closed until after ninety (90) days' notice in writing to the executive director. In the discretion of the executive director the branch or agency bank proposing to discontinue operation may be required to give notice of the date when its operation will cease.

Effective: June 21, 2001

History: Amended 2001 Ky. Acts ch. 112, sec. 1, effective June 21, 2001. -- Amended 2000 Ky. Acts ch. 135, sec. 1, effective July 14, 2000; and ch. 279, sec. 4, effective July 14, 2000. -- Amended 1996 Ky. Acts ch. 318, sec. 215, effective July 15, 1996; and ch. 338, sec. 14, effective July 15, 1996. -- Amended 1990 Ky. Acts ch. 73, sec. 1, effective July 13, 1990. -- Amended 1986 Ky. Acts ch. 444, sec. 7, effective July 15, 1986. -- Amended 1984 Ky. Acts ch. 324, sec. 17, effective July 13, 1984. -- Amended 1982 Ky. Acts ch. 366, sec. 1, effective July 15, 1982. -- Amended 1976 Ky. Acts ch. 234, sec. 3. -- Amended 1966 Ky. Acts ch. 11, sec. 2. -- Amended 1962 Ky. Acts ch. 252, sec. 1. -- Amended 1954 Ky. Acts ch. 182, sec. 1. -- Recodified 1942 Ky. Acts ch. 208, sec. 1, effective October 1, 1942, from Ky. Stat. sec. 579.

Formerly codified as KRS 287.180.

Legislative Research Commission Note (7/12/2006). In accordance with 2006 Ky. Acts ch. 247, secs. 38 and 39, this statute has been renumbered as a section of the Kentucky Financial Services Code, KRS Chapter 286.

Legislative Research Commission Note (7/14/2000). This section was amended by 2000 Ky. Acts chs. 135 and 279. Where these Acts are not in conflict, they have been codified together. Where a conflict exists, Acts ch. 279, which was last enacted by the General Assembly, prevails under KRS 446.250.

Legislative Research Commission Note (6/20/2005). 2005 Ky. Acts chs. 11, 85, 95, 97, 98, 99, 123, and 181 instruct the Reviser of Statutes to correct statutory references to agencies and officers whose names have been changed in 2005 legislation confirming the reorganization of the executive branch. Such a correction has been made in this section.